


United States Department of Agriculture



Natural Resources Conservation Service
P.O. Box 2890
Washington, D.C. 20013


Farm Service Agency
1400 Independence Ave
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Washington, D.C. 20250

SUBJECT: Handling Adjusted Gross Income and
Highly Erodible Land Conservation/Wetland
Conservation Determinations for the Natural
Resources Conservation Service (NRCS)
Conservation Programs and Related Issues

DEC 21 2004

TO: Farm Service Agency State Executive Directors
NRCS State Conservationists

In a joint memorandum dated July 19, 2004, the Natural Resources Conservation Service (NRCS) and the Farm Service Agency (FSA) announced the migration of administrative responsibilities for the Environmental Quality Incentives Program (EQIP) to NRCS, effective October 1, 2004. The purpose of this memorandum is to clarify responsibilities of each Agency relating to the eligibility determinations for EQIP and other NRCS-administered conservation programs requiring compliance with the Adjusted Gross Income (AGI) and the Highly Erodible Land Conservation/Wetland Conservation (HELC/WC) provisions of the 2002 Farm Bill.

For assisting EQIP and other NRCS conservation program applicants during fiscal year 2005:

1. Applicants are expected to provide to NRCS with basic information to either access an existing record or to establish a new one within the Service Center Information Management System (SCIMS). The "type of operation" must be identified by the applicant and, once it is recorded in SCIMS, the information will apply to FSA and NRCS-administered programs. NRCS will enter new applicant data into SCIMS for programs it administers. Guidance for recording SCIMS data is located in Handbook 1-CM.
2. NRCS will use the applicant's SCIMS identification number to read the subsidiary files maintained by FSA to confirm the status of AGI and HELC/WC compliance for each applicant. Applicants without a subsidiary file record will be advised to complete and file forms AD-1026 and CCC-526 with FSA (blank forms may be provided by either Agency). FSA will process these forms, and record and maintain subsidiary file records according to Handbooks 6-CP and 1-PL.
3. If the applicant is an entity, partnership, or joint operation for which subsidiary file records do not exist, form CCC-501A (member information) must be completed and returned to NRCS. After member information and supporting documentation has been reviewed by NRCS, a copy of form CCC-501A will be provided to FSA. The following statement will be added to the top of each CCC-501A form initiated by NRCS: "This form applies only to NRCS-administered conservation programs." FSA will record member information in the

subsidiary file database and process AGI and HELC/WC compliance determinations for each program applicant (including members and affiliates, as applicable).

4. Those applicants required to complete form CCC-501A also must provide a copy of the corporate charter, by-laws, articles of partnership, and related legal documentation specified by NRCS to substantiate legal relationships among members. Signature authority for the entity representative signing form (CCC-501A) must be provided to NRCS. A copy of signature authorities and supporting documentation will be provided to FSA with the CCC-501A form. FSA is responsible for obtaining any additional signature authorities required for AD-1026 or CCC-526 processing.
5. FSA will maintain the official file copy of forms AD-1026 and CCC-526. NRCS will have "view-only" access to the subsidiary file records, along with Web access to this data through ProTracts. Instructions regarding this access were released by FSA through Handbook 3-PL. NRCS will provide permanent guidance through the Conservation Programs Manual amendment and interim guidance by National Bulletin.
6. FSA will provide NRCS a copy of documents substantiating signature authorities and legal relationships among entities and joint operations for all EQIP contracts that are transferred to NRCS, effective October 1, 2004.
7. NRCS will process all new requests for EQIP payment assignment (CCC-36) received after September 30, 2004.

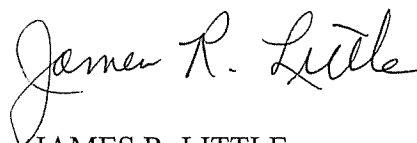
We appreciate the cooperation you have shown to effectively implement our conservation programs. If you have any questions regarding this memorandum, please contact the following representatives:

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Page 3

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